

ATTACHMENT E

WORLDCom

April 25, 2001

Joan M. Campion
Regional Director
Northern Region Public Policy

Northern Region Public Policy
205 North Michigan Avenue
Suite 3700
Chicago, IL 60601

VIA FACSIMILE AND AIRBORNE EXPRESS

Debi Barr-Holquist
Director, Consumer Services Division
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62794
Facsimile: 217-524-6859

Re: Request for Mediation

Dear Debi:

I am writing to request informal mediation of a dispute between MCI WorldCom and SBC/Ameritech concerning a request by MCI WorldCom that SBC/Ameritech implement an Electronic Authorization process which would allow customers to communicate conveniently and efficiently their desire to lift a carrier freeze (PIC Protection) and change their interMSA and/or intraMSA toll carrier.

MCI WorldCom's experience in Illinois, and other Ameritech states, is that customers who subscribe to Ameritech's PIC protection experience great difficulties changing their interMSA and/or intraMSA carrier. For example, for the year 2000 and so far in 2001, approximately 30% of MCI WorldCom's PIC change orders submitted for Illinois customers were rejected by Ameritech because of PIC protection. This extraordinarily high reject rate for customers seeking to change carriers in Illinois significantly exceeds reject rates faced by customers anywhere outside of the Ameritech region. In fact, when the reject figures for the Ameritech states are removed, the national average for orders rejected because of PIC freezes is approximately 9%. And in spite of MCI WorldCom's efforts to re-contact customers to get PIC freezes lifted, primarily through three-way calls with Ameritech, only approximately 50% of these orders are successfully completed. Thus, thousands of Illinois customers have been unable and continue to be unable to receive service from their intraMSA and/or interMSA carrier of choice.

In an effort to reduce consumer burdens while, at the same time preserving the legitimate protections provided by PIC protection, MCI WorldCom developed an innovative process that would allow customers to communicate, in a convenient way, to their local exchange carrier their desire to lift their PIC freeze in order to change their interMSA or intraMSA toll carrier. Our process, if agreed to by the customer, would allow an independent third party to capture a

voice recording of the customer's specific authorization to his or her local exchange carrier to lift the PIC freeze. This recording would be captured in an electronic computer recording or ".wav" file which could then be accessed by the local exchange carrier via a secured web site. Thus, under our proposal, the LEC would directly hear, via electronic means, a customer's own voice authorizing action on the freeze; the LEC would not rely on the word of the acquiring carrier or the third party.

MCI WorldCom first proposed its Electronic Authorization process to SBC/Ameritech in a letter dated December 11, 2000 (Attachment A). That letter presented MCI WorldCom's proposal and suggested that our companies meet to discuss it. By letter dated December 18, 2000, SBC/Ameritech rejected MCI WorldCom's proposal. (Attachment B) Subsequently, by letter dated January 19, 2001, MCI WorldCom replied to SBC/Ameritech's letter and provided further information about its Electronic Authorization proposal. (Attachment C). Finally, in a letter dated February 28, 2001, Ameritech responded that it would not implement MCI WorldCom's proposal. (Attachment D).

We believe that our proposal is consistent with orders of the Illinois Commerce Commission and the Federal Communications Commission. In its December, 1997 Order in *MCI Telecommunications Corp. v. Ameritech Illinois*, Docket No. 97-0540, a case involving Ameritech's anticompetitive conduct during three-way calls, the ICC encouraged the parties to "cooperate to ensure that customers have the opportunity to switch their service as quickly as is practical." (Order, p. 12). In its recent slamming order, the FCC also encouraged carriers to develop innovative, yet protective, means for customers to communicate their intent to lift a preferred carrier freeze that would minimize the burden on customers. We believe our process would do just that.

Through the informal mediation process, MCI WorldCom's goal is to accomplish the following: First, to the extent necessary, provide further clarification of how MCI WorldCom's Electronic Authorization proposal would work, and how the proposal would benefit consumers by providing a more efficient and convenient way to lift PIC freezes, and benefit our companies by alleviating the burden of thousands of three-way calls; second, resolve Ameritech's concerns that MCI WorldCom's proposal somehow conflicts with the FCC's rules; third, reach agreement with Ameritech to conduct a test of MCI WorldCom's Electronic Authorization proposal in Illinois with the understanding that if operationally successful, it will be implemented in Illinois. A successful mediation would also allow the parties to avoid litigation.

MCI WorldCom is committed to working with you and your staff, and with Ameritech to resolve our differences on our Electronic Authorization proposal. We will commit to have present at any mediation session representatives of MCI WorldCom that can and will be in a position to make decisions on this issue.

Debi Barr-Holquist
April 25, 2001
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Thank you for your consideration of this matter and I look forward to hearing from you on our request. Please do not hesitate to contact me if you desire further information.

Very truly yours,


Joan Campion

Encls.

cc: Charlie Fisher, Executive Director
Myra Karegianes, General Counsel
Gene Beyer, Director, Telecommunications Division

LETTER FROM JOAN CAMPION TO DEBI BARR-HOLQUIST
APRIL 25, 2001

ATTACHMENT A

MCIWORLD.COMMass Markets-Denver
707 17th Street
Suite 4200
Denver, CO 80202

December 11, 2000

Mr. Jeffrey Ulm
Vice President
SOUTHERN BELL COMMUNICATIONS (SBC)
MCI Account Team
2000 West Ameritech Center Drive
Room 2G94
Hoffman Estates, IL 60196

Dear Jeff:

MCI requests that SBC reconsider its recent decision to reject MCI's proposal regarding the use of Electronic Letters of Authorization (E*LOA) as a method for processing PIC requests for customers who have a PIC freeze in place. Under that proposal, SBC would receive an Electronic LOA in the form of a .wav file that would contain a voice recording of the customer authorizing SBC to execute the PIC change with knowledge of the PIC freeze present on the line or account. This proposal was originally sent to Peggy Meissner who subsequently informed us that SBC had decided not to consider the idea due to potential liability concerns. We ask that you please revisit this response.

In order to assist in your consideration of this request, I reiterate the following highlights of the proposal for your review. The Electronic-LOA proposal provides customers a 21st century method of communicating letters of agency utilizing new electronic technologies. This new process speeds the customer's desired carrier change while maintaining full customer control. If an ANI has a service level PIC Freeze this will also serve as an improved and effective method to execute carrier changes, without forfeiting the desired effect of the PIC Freeze. This proposal reduces the need and significant expense of 3-way calls, minimizes customer confusion, while increasing overall customer satisfaction.

MCI requests that SBC reconsider its position and be receptive to further discussion on this topic. We are available to address any questions or concerns. Please respond, in writing, to this request for reconsideration no later than 12/22/00.

Sincerely,



Mindy Chapman
Director
LEC Interface Operations

Cc: Carol Sawyer-Aguilar, MCIW

LETTER FROM JOAN CAMPION TO DEBI BARR-HOLQUIST
APRIL 25, 2001

ATTACHMENT B

Jeff Ulm
Vice President-WorldCom
Industry Markets

SBC Telecommunications, Inc.
2000 W. Ameritech Center Drive
Hoffman Estates, Illinois 60196
Phone 847-248-4615
Fax 847-248-3505



RECEIVED

JAN 03 2001

December 18, 2000

Ms. Mindy Chapman
Director - LEC Interface Operations
MCI Worldcom
707 17th Street
Suite 4200
Denver, CO 80202

Dear Mindy:

Thank you for your December 11, 2000 letter regarding MCI's proposal for an Electronic Letter of Authorization process (E*LOA). I have attempted to advocate your requested position and convened resources for a second review. However, after further careful consideration, SBC stands by its decision to decline MCI's request.

We find that we are unable to support this process for a number of reasons. Following is a high level list of concerns:

Process Issues

- Participation in the Electronic LOA process would position SBC in the role of LOA validation, which would require either offline time or follow-up actions required by the SBC Service Representatives. This would require additional off line staffing and expense.
- The Electronic LOA process would require significant coordination and contact between our Service Representatives and other Inter-exchange Carriers, and at this time we are attempting to minimize that contact.

Desktop Issues

- Estimated costs for the funding needed to create functionality to support an Electronic LOA process for servers, databases, maintenance administrators and ongoing support is extraordinary with little benefit to SBC.

Legality & Regulatory Issues

- If SBC assumes ownership of the Electronic LOA process and a slamming complaint is filed with the FCC, under the new Federal Slamming Order, SBC would be liable because we initiated the change order and own the Electronic LOA. The Unauthorized Carrier would escape liability completely.
- When a customer files a complaint and the Carrier advises that an Electronic LOA was submitted, but our records do not reflect receipt of a request, we would again assume the liability of the Unauthorized Carrier and be subjected to penalties.
- The Electronic LOA process would require SBC to be the owner of the Electronic LOAs and thereby involve SBC in the validation process, where in the Executing Carrier role we assume no liability.

Finally, the new Federal Slamming Order seeks to empower consumers not only with more knowledge about changing carriers, but also a refined recourse process that compensates the customer for fraudulent practices adopted by some carriers. In SBC, customers have more peace of mind because the PIC Freeze removes the slamming freedom experienced in other LECs. The Electronic LOA process would eliminate that peace mind for our customers and allow for the possibility of slamming for which SBC would assume most of the liability.

If you have any further questions regarding this issue, please contact Peggy Meissner at 847.24.4615.

Sincerely,

Jeffrey Ulm

*MC having TH type
up response on electro*

LETTER FROM JOAN CAMPION TO DEBI BARR-HOLQUIST
APRIL 25, 2001

ATTACHMENT C

January 19, 2001

Mr. Jeff Ulm
Vice-President
SBC Telecommunications, Inc.
2000 W. Ameritech Center Drive
Hoffman Estates, IL 60196
Phone: 847-248-4615
Fax: 847-248-3505

Dear Jeff,

Thank you for your December 18, 2000 letter responding to our proposal regarding the use of Electronic Letters of Authorization ("ELOAs") as a method for allowing customers to lift PIC freezes. We were disappointed that SBC has chosen to reject our proposal. Our review of the rationales set out in your letter, however, suggest that SBC may not fully understand how the ELOA plan would work. With that in mind, we thought it would be helpful to further explain the nature of the proposal and briefly respond to the concerns raised in your letter.

As you know from our previous correspondence, the centerpiece of our proposal is the use of "e-technology" to allow customers to submit LOAs in electronic rather than "pen-and-ink" written form. Specifically, customer voice recordings would be captured in .wav files that would be made available to SBC either through e-mail or via a web site. Your letter, however, suggests a misunderstanding of MCI's role in the process. Under our proposal, MCI would not be involved in the creation or transmission of ELOAs. The .wav files would be created *at the customer's request* to a third-party representative. At that point, the third-party representative would be acting on behalf of the customer, and would merely provide a medium for the customer to record his or her oral ELOA and a mechanism for transporting it. In this way, the process is similar to when a customer goes to the post office, secures a post card, writes out an LOA, and then asks the post office to deliver it.

With this in mind, I would like to address some of the specific concerns raised in your letter. First, you suggest that the ELOA proposal would raise "process issues" including LOA validation and increased contact with IXCs. As explained above, however, SBC will not have to rely on the word of either MCI or a TPV agent. Instead, SBC will hear *the customer's own voice* authorizing the lifting of a PIC freeze. No additional contact with outside parties would be necessary, thereby reducing the burden on your service representatives who today must respond to those calls.

SBC will be participating in substantially fewer three-way calls. Any review of the ELOA would be similar to reviewing a customer's written LOA.

Your letter also addresses "legality and regulatory issues." Again, from a legal perspective, SBC would be in no different position with respect to an ELOA than it would be with a written LOA. SBC currently accepts written LOAs and oral authorizations as methods for lifting PIC freezes as it must under applicable FCC rules. With respect to processing PIC changes, SBC would have no greater liability than it does as an "executing carrier" when a customer requests such a change.

Finally, your letter addresses "desktop issues," which focus on costs. We believe that SBC's cost concerns are overstated given our understanding that SBC employees are already equipped with e-mail capability and web access. To the extent that additional expenditures would be necessary, however, these represent a consequence of the PIC freeze process. The FCC has recognized that customers must have the freedom to lift PIC freezes in order to change carriers. The FCC has further expressed the view that, so long as appropriate protections are in place, the customer should be permitted to lift a freeze with a minimal amount of effort. The ELOA proposal accomplishes this goal. In this regard it is worth noting that the FCC's ELOA rules will soon go into effect, and at that point SBC will have to make whatever changes are necessary to process "e-authorizations for lifting freezes."

I hope that in light of these clarifications, SBC will reconsider our proposal. If you have any additional questions regarding the mechanics of the proposal, please do not hesitate to contact me.

Sincerely,
Mindy Chapman
Director
LEC Interface Operations

LETTER FROM JOAN CAMPION TO DEBI BARR-HOLQUIST
APRIL 25, 2001

ATTACHMENT D

Jeffrey Ulm
Vice President
MCI Worldcom Account Team

SBC Communications
Industry Markets
2000 West Ameritech Center Drive
Location 2G94
Phone 847 248-4615
Fax 847 248-3505
jeffrey.ulm@ameritech.com



February 28, 2001

Ms. Mindy Chapman
Director - LEC Interface Operations
MCI WorldCom
707 17th Street - Suite 4200
Denver, CO 80202

Dear Mindy:

Thank you for your January 19, 2001 follow up letter regarding MCI's Electronic Letters of Authorization (ELOA) process. We discussed and understand your clarifications for the ELOA process. The FCC rules are very specific as to how a preferred carrier freeze is lifted and SBC fully supports direct customer involvement in that process. Therefore, SBC has not changed its stance on your proposal.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff Ulm". The signature is written in a cursive, flowing style.

Jeff Ulm
Vice President
MCI WorldCom Account Team

JU/lb

CC: Mindy